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SUBJECT: Fujian Officials Describe Rural-Urban Disparities in Health Care and Insurance Coverage

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11. (SBU) Summary: Public health officials in Fujian admit there are significant gaps in the level of medical care and health insurance protection available to Fujian residents. Farmers, in particular, fare poorly in the type of government health insurance coverage and health care to which they have access. Rural areas suffer from a severe shortage of doctors. Urban workers, on the other hand, generally receive broader insurance coverage, and they have access to the best medical facilities and doctors. Urban residents who are unemployed, work part-time, or who are migrant workers or students fare have more limited coverage. End summary.

Health Care Resources Concentrated in Major Cities

12. (U) To serve its population of approximately 36 million, Fujian Province has a total of approximately 20,000 medical care facilities, including hospitals, clinics and infirmaries. Public health officials in Fujian frankly acknowledge that the existing infrastructure cannot adequately meet current demand and provide comprehensive medical care to all of Fujian's residents. Currently, medical resources and personnel are concentrated in urban areas. Fujian's top-grade (Grade III, A Level) hospitals are all located in major cities. In addition to major and specialized hospitals, the larger cities have a network of almost 9,000 community hospitals, clinics and infirmaries. For example, public health officials in Xiamen noted that the city has over 1,100 hospitals, clinics and infirmaries at all levels. The city has three major hospitals and two specialized hospitals of the top grade. In addition, the city has over 20 government-funded hospitals at the community level. Community hospitals, clinics, and infirmaries provide basic medical services to urban residents at a lower cost than the major hospitals.

13. (SBU) Because they provide advanced levels of care, facilities and expertise, major hospitals and medical centers in urban areas attract both urban and rural residents. The outpatient department of the Fujian Provincial Hospital in Fuzhou reportedly treats over 1.4 million patients on an annual basis. Officials estimate that 30% to 40% of the patients in Xiamen's general hospitals come from

surrounding rural areas. Public health officials told ConGenOff that due to heavy demand for medical services, all of Fujian's major hospitals are forced to operate at maximum capacity around the clock. Patients face long waits before they see a doctor; although doctors spend only minutes on each patient, the doctors still must put in long hours to meet demand. Many hospital wards are filled to overflowing with patients. Hospital officials say that the challenge of meeting current demand imposed by an ever-growing number of patients makes it difficult and almost impossible to take steps to improve the quality of medical services provided.

Doctors Avoid Rural Areas

¶4. (SBU) Although Fujian has over 10,000 clinics and infirmaries that are located in rural areas, these clinics and infirmaries generally provide only basic medical care, i.e. treating minor ailments and injuries. Serious cases are almost always referred to larger hospitals in urban areas. Many rural residents are not covered by existing health insurance systems (see below) and, consequently, are reluctant to use the local clinics and infirmaries even for minor ailments and injuries. According to a rural doctor in Fujian's Pingnan County, most rural residents do not receive adequate health care. For cost considerations, they seldom visit a doctor or pharmacist, even if they do not feel well, and they almost never receive regular physical exams. Rather, they generally try to "endure the pain" and hope that any discomfort will go away. Alternatively, they may go to a rural drug store and, without professional medical advice, select a medicine that looks like it may be useful. This rural doctor noted that due to lack of adequate preventative medical care, many rural residents develop advanced stages of severe illnesses including cancer, diabetes or hepatitis

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before they receive any medical treatment. In many cases, by the time they receive medical care, it is too late.

¶5. (U) For lack of business, many of the rural clinics and infirmaries operate at a deficit. Because doctor salaries depend heavily on the number of patients a doctor sees, most of the rural clinics and infirmaries are unable to offer competitive salaries. Consequently, many rural areas are unable to attract skilled medical personnel. Public health officials in Xiamen noted that in order to help remedy this problem, they have begun to link job promotion opportunities at urban hospitals with a requirement that candidates seeking promotion serve for specified periods of time in rural areas. Nonetheless, rural areas continue to experience a severe shortage of skilled medical personnel.

Limited Health Insurance for Farmers

¶6. (U) Government health insurance coverage varies from locality to locality. Most of the government plans are based on a complex tiered system offering varying levels of coverage for outpatient and inpatient care depending on whether an individual is an urban or rural resident, or a migrant worker. Rural residents, in general, receive very little coverage. Farmers who are able to pay a small, fixed premium annually receive coverage for some inpatient expenses but not for outpatient costs. In Xiamen, average annual income for rural residents is approximately US\$ 1,240 and the annual premium for farmers and migrant workers is 200 RMB (US\$ 29), of which the individual must pay 50 RMB (US\$7) and the Xiamen government subsidizes the remaining 150 RMB (US\$ 22). When it comes to hospitalization costs, insured rural residents, like urban residents, still must pay the first 1,000 RMB (US\$ 146) of inpatient costs. Afterwards, the government covers 70% of the costs up to 5,000 RMB (US\$ 732). If expenses exceed 5,000 RMB, rural residents must cover the expenses on their own-unless they qualify for government funding available for specified, severe illnesses or become the beneficiary of an NGO that helps individuals with severe cases.

¶7. (U) Throughout Fujian, the outpatient expenses of rural residents are not covered by the government medical insurance. As noted earlier, because rural residents must pay all of the cost of outpatient treatment on their own, many opt not to go to the clinics or infirmaries to receive preventative or primary medical care.

When rural residents do seek outpatient medical care, they try to avoid the larger hospitals--the very hospitals possessing advanced diagnostic capabilities-- where outpatient charges are higher than at smaller clinics and infirmaries.

Better Coverage for Urban Workers, But Still Gaps

¶8. (U) Urban residents with employers who contribute to the government health insurance plan qualify for both outpatient and inpatient health insurance coverage. Subject to certain limitations and a co-payment requirement of 20%, outpatient medical charges are generally covered in full. Medical insurance reimbursement rates depend, in part, on the category of hospital the patient visits. In order to encourage more people to visit smaller, community level hospitals, the reimbursement rate provided for medical expenses at the smaller hospitals is higher than the reimbursement rate provided for expenses at major hospitals. Urban workers' inpatient medical expenses up to 5,000 (US\$ 732) RMB are covered in the same manner as they are for rural residents (described above). However, urban residents. No government insurance is available to cover costs in excess of RMB 50,000. Individuals may subscribe to private insurance plans to cover these catastrophic health costs.

¶9. (U) Urban residents who work only part time must pay an annual premium of RMB 300 (US\$ 44), of which the Fuzhou government offers a subsidy of 150 RMB (US\$ 22). Students pay a premium of RMB 100

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(US\$15), of which 60 RMB (US\$ 9) is subsidized by the city government. This provides insurance coverage for limited inpatient treatment only. Outpatient coverage is not provided. The government will provide full reimbursement for accident-related expenses of students. The government also will fully reimburse allowable fertility-related medical expenses. Part-time workers, like rural residents and migrant workers, are not eligible to tap into the government's medical insurance pool to cover inpatient costs in excess of 5,000 RMB (US\$ 732). To help patients with financial hardships, some hospitals have offered lower-cost options including "low cost beds" that are often placed in corridors and "zero profit" medicines.

¶10. (SBU) Although employers are obligated to make contributions to the government insurance plan on behalf of migrant workers, migrant workers generally receive coverage that is limited to inpatient medical care. Even though contributions have been made to the locality (where the migrant laborers are working) medical insurance pool on their behalf, migrant workers are not eligible to tap into the pool for inpatient expenses that exceed 5,000 RMB (US\$ 732). This is because the migrant workers are not officially registered as living in the locality. Comment: The inability of migrant workers to tap into the local insurance pools means that contributions made on the migrant workers' behalf become de facto "donations" to the locality's insurance pool. Although a number of individuals have raised complaints about the unfairness of this system, the insurance pool system continues to operate in a manner that exploits migrant workers. End comment.

Looming Need for Medical Care and Insurance Reforms

¶11. (SBU) Comment: Despite China's supposed socialist underpinnings, health care today is not provided to the masses in an egalitarian manner. The current system favors the urban workers whose contributions fund the system; even these residents often feel compelled to save substantial sums to cover catastrophic health care expenses. Rural residents, often of limited economic means, are largely neglected by the insurance regime. Among the beggars and panhandlers on China's streets, it is not unusual to see individuals, pleading for donations, who bear placards detailing circumstances describing urgent medical needs for which the individual and her/his family are unable to pay. Of the myriad possible sources of discontent on the part of China's rural population, lack of access to adequate health care remains a leading possibility. End comment.

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